
TOO GOOD TO BE TRUE....

A Column on Consumer Issues

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CREDIT QUIZ PART ONE

The unprecedented number of bankruptcy filings in recent years suggests that today's consumer is not fluent in the basic skills of budgeting and the wise use of credit.

Building and maintaining a good credit record is part of securing a sound financial future. Knowing how to use, not abuse, credit is fundamental to surviving in today's complex economic world. Young people in particular need to hear that credit is a responsibility as well as a tool that is meant to enhance the quality of life.

Test your consumer credit knowledge. Following is the first part of a two-part quiz. Next week -- part two.

Question 1: How do I know if I am prepared to handle the responsibility of using a credit card to purchase things?

- A. If I qualify for credit, and if a lender is willing to give me a loan, then I am already financially responsible to repay it.
- B. Taking out a loan will help me get out of debt because a loan gives me "instant money" to pay my bills.
- C. I pay my bills on time, monitor my purchases, and use a plan or budget to repay my debts.

Question 2: How can I tell the difference between a credit card and a charge card?

- A. I must pay a charge card in full each month; however, I may pay a portion of a credit card bill each month or pay it in full.
- B. There is no important difference -- credit cards and charge cards are two names for the same thing.
- C. I may use my charge card only at department stores; I may use my credit cards for all other purchases.

Question 3: What are my costs for owning and using a credit card?

- A. The cost of my purchases only.
- B. Interest and maybe an annual fee or late fee.
- C. None - credit cards are free.

Question 4: What is the best way to correct a mistake on my credit card bill?

- A. Call my credit card issuer immediately and explain the mistake.
- B. Circle the mistake in red and return my bill to my card issuer.
- C. Immediately write a letter to my credit card issuer and clearly describe the problem.

Answers:

- Question 1: C. If used wisely, credit can help you extend a payment schedule for emergencies or major purchases. Never use credit to extend your budget beyond your ability to repay your obligations.
- Question 2: A. Charge cards include travel and entertainment cards, such as American Express or Diner's Club, and most gasoline cards. Credit cards include some department store cards and MasterCard, Visa and Discover. Generally, charge cards must be paid in full each month, while credit cards may be paid over time.
- Question 3: B. The cost of your credit card will vary depending upon whether you carry a balance on your card each month (for which you will pay interest) or pay your balance in full each month. Individual issuers may charge you an annual fee or late payment fee.
- Question 4: C. Under the federal Fair Credit Billing Act, you may dispute mistakes on your credit card bill. You must put your complaint in writing and you must write to a specific billing error address that may be different than the address to which you send payments. Never include a dispute letter with your payment. You may call your card issuer, but if you do not write, you may lose your rights.

The Attorney General's Consumer Protection Division investigates allegations of fraud in the marketplace. Investigators also mediate individual complaints against businesses. If you have a consumer problem or question, call the Consumer Protection Division at 328-3404 (v/TDD) or toll-free at 1-800-472-2600 (v/TDD). This article and other consumer information is also located on our website at www.ag.state.nd.us.

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